

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SANTA BARBARA TO ADOPT ADMINISTRATIVE RULES
AND PROCEDURES FOR THE IMPLEMENTATION OF
THE STATE MILLS ACT PROGRAM

WHEREAS, The City of Santa Barbara has declared it is a matter of public policy that recognition, preservation, enhancement and use of historic structures is required in the interest of the health, economic prosperity, cultural enrichment, and general welfare of the people;

WHEREAS, The City of Santa Barbara has a long history of safeguarding the heritage of the City by providing for the protection of historic structures representing significant elements of its history;

WHEREAS, the City of Santa Barbara acknowledges that one of the purposes of the City's Historic Structures Ordinance is to foster public appreciation of and civic pride in the beauty of the City;

WHEREAS, the City of Santa Barbara supports the use historic preservation incentives to assist in the preservation of structures that would otherwise fall into disrepair or be in danger of possible demolition;

WHEREAS, under the provisions of Article 19, Section 15308 of the California Environmental Quality Act (CEQA) Guidelines; the adoption of the Mills Act Program and Implementation Guidelines have been determined by Staff to qualify for a Categorical Exemption;

WHEREAS, the City of Santa Barbara desires to use the State Mills Act Program as a preservation incentive available to promote the historic designation of structures and to encourage the rehabilitation, repair and maintenance of its locally designated historic resources;

WHEREAS, the City of Santa Barbara has established reasonable fiscal oversight mechanisms in place to limit the number of total Mills Act contracts available per year and to monitor total future property tax revenue loss; and

WHEREAS, the City of Santa Barbara finds it necessary to adopt administrative rules and procedures to properly administer a State Mills Act program in a consistent and fair manner.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SANTA BARBARA THAT the Mills Act Program rules and procedures, attached hereto as an exhibit, are hereby adopted.

**CITY OF SANTA BARBARA MILLS ACT
PROGRAM RULES AND PROCEDURES
September 2009**

A. PROGRAM LEGAL AUTHORITY

A Mills Act program has been developed according to two California State Codes: California Government Code, Article 12, Sections 50280-50290 and California Revenue and Taxation Code, Article 1.9, Sections 439-439.4. City Council authorized the use of the Mills Act program by ordinances in September 2009 and adopted accompanying rules and procedures. Program caps on the total maximum City revenue loss are hereby established and set at \$300,000. The City Council reserves the future right to amend, and change program rules as it deems necessary and terminate contracts or use of the program.

B. QUALIFICATION AND ELIGIBILITY CRITERIA

In order for a property to be considered for a contract it must be a designated historic resource listed on any city, county, state or federal register. City designations are: Landmark, Structure of Merit, and contributor to a designated Historic District.

The City of Santa Barbara will accept up to eight (8) Mills Act contracts per year – six residential and two commercial, or up to eight residential if no commercial applications are submitted. Incomplete applications will not be considered. All applications will be ranked and up to eight (8) selected using the qualification and eligibility criteria as outlined below:

1. Historic significance of the structure and condition of resource,
2. Level of community benefit,
3. Date of application submittal and if application materials are complete,
4. Expenditure level of rehabilitation planned or underway, and
5. Conformity of planned alterations with retention of structure's historic integrity.

C. BASIS FOR APPLICATION DENIALS

1. Incomplete or inaccurate information submitted.
2. The planned alterations or repairs would not substantially aid in the preservation and enhancement of the historic resource or would not restore the resource to its original appearance.
3. Property exceeds the individual cap limits on total assessed property valuation (\$1.5 million.)
4. The total revenue loss limit for the City of Santa Barbara Mills Act program has been exceeded.
5. Building code or zoning violations exist on the property and are not being abated.
6. City conditions of contract approval are not agreed upon by property owner.
7. The City chooses not to enter into a contract agreement with the property owner.

D. APPLICATION AND CONTRACT PROCESSING FEES

Applications will be accepted during the first six months of each calendar year and must be submitted with a non-refundable application fee of \$40. Applications not received by July 1 will not be considered until the following year. (The deadline period will be extended the first year of the program). All applications are reviewed by the Historic Landmarks Commission and must receive a positive

recommendation before being referred to the Community Development Director for final contract approval.

Prior to review by the Community Development Director, a contract initiation fee of \$400 will be due. Contract initiation fees that are not paid will halt all processing.

E. APPLICATION SUBMITTAL REQUIREMENTS

- Application
- Financial Analysis Information
- Copy of the most recent tax bill
- Copy of current grant deed with property's legal description
- Ten-year Rehabilitation Plan
- Construction Schedule
- Photographs of exterior of the property.
- Property Inspection Agreement

F. REHABILITATION PLAN STANDARDS AND ANNUAL REPORT REQUIREMENTS

A ten-year rehabilitation plan is required as part of the application and will be re-evaluated every five (5) years or as needed. The rehabilitation plan requires sufficient information to understand scope and potential cost of improvement. Upon acceptance to the program the property will be subject to an initial inspection by the City's Urban Historian to assist you in finalizing the rehabilitation plan. It is necessary that the property owner submit the necessary photo documentation on the current condition of the property. The property owner will be required to submit annual reports on completed project(s), along with copies of receipts and building permits where applicable. Previous submissions on the "10 Year Rehabilitation plan" can be revised and approved by owner and City. Although Planning Staff requires the Rehabilitation plan up front, changes are allowed on an annual basis. These changes must be submitted to the City's Urban Historian in writing prior to completion of the proposed qualified task. City staff may conduct property inspections at any time (by appointment) to ensure that proposed work has been completed per contract agreement and meets all applicable City standards.

G. APPLICATION REVIEW PROCEDURES

A Mills Act contract is a monetary incentive that is granted by the City following a review and recommendation from the Historic Landmarks Commission. The process is:

1. Property owner(s) request Mills Act Contract by submitting an application to the Planning Division of the Community Development Department. (Refer to application materials).
2. The restoration plan for the property is reviewed in conjunction with the Mills act Contract application.
3. Applications are reviewed and ranked by the City's Urban Historian
4. Staff prepares a report for consideration by the Historic Landmarks Commission. (HLC) the HLC Designations Subcommittee will assist in determining priority for each tax year based on eligibility criteria.
5. Selected applications are presented to the Historic Landmarks Commission for final recommendations and initiation of contracts.
6. Conditions of contract approval may include: substandard code compliance upgrades such as the completion of an electrical safety inspection and that a seismic retrofit must be completed within 10 years of approval of the contract.

7. Final Mills Act Contracts are prepared for approval signatures.
8. Copies of application materials are sent to County Tax Assessor for property preliminary tax assessment estimates.
9. Final contract approval and review by City Attorney and by the Community Development Director.

H. TERM OF CONTRACT

Mills Act contracts extend for a period of ten (10) years and are renewed automatically each year on the anniversary of the contract. The rights and obligations are also binding upon all successive owners of the property during the life of the contract. To begin a Mills Act Contract, the City shall notify the applicant and the County Assessor that a property has been selected for a Mills Act contract proposal. City staff will prepare a draft contract for review by all parties.

I. CONTRACT RENEWALS, CANCELLATION AND TERMINATION

The Mills Act contract is a legal contract and is enforceable by law. The contract is renewable at the City's discretion for subsequent years after the 10 year contract is complete. Property owner may submit a notice of non-renewal which will terminate after ten (10) years from the time the non-renewal is approved. Immediate cancellation of the contract by either the City or property owner requires a public hearing and may result in the immediate termination of the contract and a penalty equal to 12 ½ percent of the assessed market value of the property. Non-renewal, termination of contract and penalties may incur if owners do not fulfill the obligation required by the contract to spend the tax savings on the repair and maintenance of the historic property. The City shall notify the applicant and the County Tax Collector of contract termination or non-renewal.

J. RECORDATION

After the Mills Act contract is approved by the Community Development Director, it is required to be filed with the County Recorder in Santa Barbara. The applicant is responsible for ensuring the document is properly recorded by the County Recorder's Office. After recordation the recorded contract shall be taken to the Santa Barbara County Assessor located at 105 E. Anapamu Street, Santa Barbara. The Assessor calculates the exact tax savings. Every year the property tax is recalculated by the Assessor.

Property owners are required to report to the State Office of Historic Preservation (OHP) that a Mills Act contract has been executed. The County Assessors Office cannot reassess the property unless OHP has been contacted. The property owner sends a copy of your completed contract to:

State Office of Historic Preservation
1416 Ninth Street
Sacramento, Ca 95814
Attention: Mills Act Contracts

Staff Contacts- Mills Act Program Managers

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